



Assets, Savings, Support, Education and Training
A Partnership to Encourage Asset Development

Earned Income Tax Credit and Tax Time Saving

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The ASSET Initiative

- Collaboration across ACF Programs to bring asset building tools & practice to ACF grantees and families served in programs.
- Incorporates lessons learned from Assets for Independence Demonstration Program and related research
- Families move past paycheck to paycheck existence, toward financial stability

Asset Building Tools in the ASSET Initiative

- Financial education
- Getting banked
- Managing credit and debt
- **Tax credits and filing assistance**
- Accessing Federal and State benefits
- Savings and matched savings (AFI Individual Development Accounts or IDAs)

Tax credits and filing assistance

- Earned Income Tax Credit (EITC) lifts 5 million people (2.6 million children) or of poverty every year.
 - It turns a \$7 per hour job into a \$9 per hour job
- Average refund =\$1,800
- Other credits: Child Tax Credit, the Child and Dependent Care Credit and state credits
- **Free** tax preparation services at IRS sponsored VITA sites help families keep more money in their pockets
 - locate a VITA site in your community, call 1-800-906-9887
- Free Outreach materials and resources can be found at www.eitc.irs.gov and <http://eitcoutreach.org/>
- Information on local tax coalitions is available from the National Community Tax Coalition at www.tax-coalition.org

Volunteer Income Tax Assistance (VITA)

- Free tax assistance for low-to moderate-income (about \$49,000 and below)
- Staffed by IRS certified volunteer tax preparers
- There are over 12,000 VITA sites across the county
- Look out for information on Alternative or Virtual VITA
- Locate nearest VITA site by calling 1-800-906-9887
- Partner with local 2-1-1 service to add local VITA sites to data base

Tax Counseling for the Elderly (TCE)

- IRS sponsored tax assistance for the elderly
- Must be over 60 with low-to moderate income
- AARP offers Tax Aide Counseling
- 7,000 sites nationwide
- For locations 1-888-227-7669



Earned Income Tax Credit (EITC)

- **Must have SSN. Cannot file with ITIN**
- **Earned Income and adjusted gross income 2011 (AGI) must each be less than:**
 - \$43,998 (\$49,078 married filing jointly) with three or more qualifying children
 - \$40,964 (\$46,044 married filing jointly) with two qualifying children
 - \$36,052 (\$41,132 married filing jointly) with one qualifying child
 - \$13,660 (\$18,740 married filing jointly) with no qualifying children
- **Tax Year 2011 maximum credit:**
 - \$5,751 with three or more qualifying children
 - \$5,112 with two qualifying children
 - \$3,094 with one qualifying child
 - \$464 with no qualifying children

Child Tax Credit (CTC)

- Can claim with a SSN or ITIN number
- Reduce federal income tax by up to \$1,000 per qualifying child (under 17)
 - Must earn at least \$3,000 in tax year 2010
- Additional Child Tax Credit
 - If the credit is more than the taxes they owe they may receive a refundable credit for all or some of the child tax credit.

Child and Dependent Care Credit

- Must have Valid SSN or ITIN to claim credit
- If you paid for child or dependent care so that you or your spouse could work or look for work in 2011
- Have a qualifying child under 13 or a disabled individual who you claim as a dependent
- Up to \$2,100 for two or more qualifying children/dependents
- Up to \$1,050 for one qualifying child/dependent



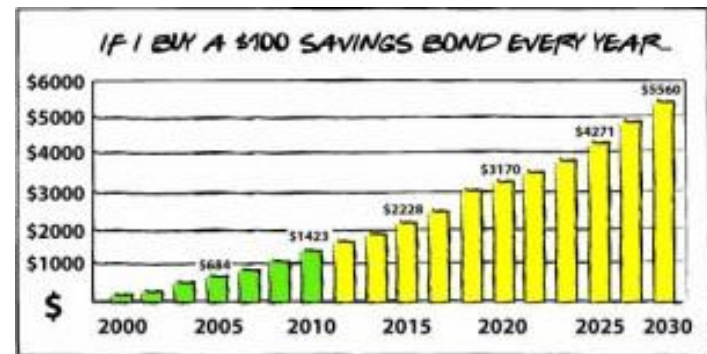
State Tax Credits

- Child Tax Credit:
 - **New York, North Carolina, Oklahoma**
- Child and Dependent Care Credit
 - Arkansas, California, Colorado, **Delaware, DC**, Georgia, Hawaii, Idaho, Iowa, Kansas, Kentucky, Louisiana, **Maine, Maryland, Massachusetts**, Minnesota, Montana, Nebraska, New Mexico, **New York, North Carolina**, Ohio, Oklahoma, Oregon, **Rhode Island**, South Carolina, **Vermont**, and **Virginia**
- State EITC
 - **Delaware, DC**, Illinois, Indiana, Iowa, Kansas, Louisiana, **Maine, Maryland, Massachusetts**, Michigan, Minnesota, Nebraska, **New Jersey**, New Mexico, **New York, North Carolina**, Oklahoma, Oregon, **Rhode Island, Vermont, Virginia**, and Wisconsin

Savings Bonds

➤ Series I Savings Bonds-Buy at Tax Time

- Use Form 8888
- Backed by US Government
- \$50-\$5000 in multiples of \$50
- Accessed after 1 year
- No Bank Account Required
- Purchase bonds for family members
- 2010-tax filers bought \$9 million dollars in bonds



<http://bondsmakeiteasy.org/why>



Split-Refunds

- “Direct Deposit of Refund to More Than One Report” Form 8888
- Partner with local bank to be on Tax site to open free bank accounts
- Use this form to deposit into multiple accounts-easier to save money if deposited into
 - Savings Account
 - Checking Account
 - Emergency Savings Account
 - IDA Account



Tax Time: A Teachable moment

- Encourage Families to have taxes prepared at VITA sites-*Why pay if you can get it for free?*
- Educate Families about tax credits-*More money in their pockets*
- Promote Savings at Tax time-Save some of the refund for later



Tax Credit Coalitions

- Over 300 local coalitions nationwide - there may be one in your hometown!
- The National EITC Partnership:
 - www.cbpp.org/eitc-partnership
 1. Spreadsheet with coalition members, chairperson to contact
 2. Goals and activities of coalition
- The National Community Tax Coalition:
 - <http://tax-coalition.org>
 1. Resources for volunteer tax preparation
 2. Advocacy for low-income tax issues

Tax Credit Outreach Resources

- CBPP Outreach Campaign Kit and Strategies Database
<http://eitcoutreach.org>
- For IRS resources: <http://www.eitc.irs.gov/central/main/>
- EIC claims info by community! Brookings Institution Interactive Data:
www.brookings.edu/metro/EITC/EITC-Homepage.aspx
- Find a VITA site:
<http://www.irs.gov/individuals/article/0,,id=219171,00.html>
- AFI Resource Center: EITC and Tax Assistance:
<http://idaresources.org/>